§ 115C-440. Accounting system.

(a)   System Required. – Each local school administrative unit shall establish and maintain an accounting system designed to show in detail its assets, liabilities, equities, revenues, and expenditures. The system shall also be designed to show appropriations and estimated revenues as established in the budget resolution as originally adopted and subsequently amended.

(b)   Basis of Accounting. – Local school administrative units shall use the modified accrual basis of accounting in recording transactions.

(c)   Encumbrance Systems. – Except as otherwise provided in this subsection, no local school administrative unit is required to record or show encumbrances in its accounting system. The Local Government Commission, in consultation with the State Board of Education, shall establish regulations, based on total membership of the local school administrative unit or some other appropriate criterion, setting forth which units are required to maintain an accounting system that records and shows the encumbrances outstanding against each category of expenditure appropriated in the budget resolution. Any other local school administrative unit may record and show encumbrances in its accounting system.

(d)   Commission Regulations. – The Local Government Commission, in consultation with the State Board of Education, may prescribe rules and regulations having the force of law as to:

(1)   Features of accounting systems to be maintained by local school administrative units.

(2)   Bases of accounting, including identifying in detail the characteristics of a modified accrual basis and identifying what revenues are susceptible to accrual.

(3)   Definitions of terms not clearly defined in this Article.

These rules and regulations may be varied according to the size of the local school administrative unit, or according to any other criteria reasonably related to the purpose or complexity of the financial operations involved. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)